

SECRET

No. 63-159

17 December 1963

## MEMORANDUM OF NEGOTIATION

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SUBJECT: Contract GA-1853 with [REDACTED]

1. Pursuant to the request of [REDACTED] the undersigned Contracting Officer met with representatives of the Contractor in Santa Barbara on 3 June 1963. The Government was represented by [REDACTED]. At a later date [REDACTED] reviewed the security aspects of the Contractor and [REDACTED] reviewed the audit aspects of the contract. The Contractor was represented by [REDACTED] both technical.

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2. The Contractor had submitted a proposal for providing 2,600 man hours of engineering effort to support the Agency in a study of [REDACTED]. No hardware was contemplated and the Contractor was being asked to provide the services of two of its top engineers. The review of the Contractor's proposal indicated that the estimated target hours (2,600) was reasonable for the work called for and the urgency of the program. [REDACTED] considered the overhead rates satisfactory. These were [REDACTED] overhead, [REDACTED] G&A, and [REDACTED] advanced engineering.

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3. Travel rates, travel expenses and rates of salary were considered reasonable. The Contractor's proposal included profit of [REDACTED]. The Contractor considered this reasonable in view of the requirement for top flight engineers and the fact that no hardware was contemplated. The fee, however, was negotiated at [REDACTED]. As a result of negotiations costs of [REDACTED] were negotiated with fixed fee of [REDACTED] for a total of [REDACTED] CPFF. The contract is to be a level of effort with target hours of 2,600 and a 5% range over and under the 2,600 hours for the establishment of change in fee. Under this arrangement no change would be made in the fixed fee unless the target hours of 2,600 were exceeded or underrun by 5%.

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4. Funds in the amount of [REDACTED] FY-63 were made available by Headquarters in [REDACTED] message 8513. The Contractor was authorized to proceed on 13 June 1963 with the effective date of the go ahead of 3 June 1963. The FY-63 funds were obligated by contract GA-1853 with [REDACTED]

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AUTH: HQ 10-2  
DATE: 7/8/81 REVIEWER: 064540

[REDACTED]  
Contracting Officer

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No. 63-160

17 December 1963

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## MEMORANDUM OF NEGOTIATION

SUBJECT: Contract GA-1853 with [REDACTED]

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1. On approximately the first of October 1963 the undersigned Contracting Officer was requested to assist [REDACTED] in a contractual arrangement with one of two Contractors involving a feasibility hardware for ECM. Since work was directly related to and a direct result of [REDACTED] work for the Agency consideration was given to the performance of the work as a contract under [REDACTED]. Because of the problem of clearing numerous people in the subcontractor's plants it was decided it would be less costly to the Government and more secure to have [REDACTED] handle the work by subcontract.

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2. [REDACTED] was accordingly authorized to review proposals from several Contractors including [REDACTED].

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After careful review of the two proposals with [REDACTED] recommended that the [REDACTED] Proposal be accepted as the best of the two proposals and funding in the amount of [REDACTED] FY-64 was made available to the Contracting Officer in [REDACTED] message 5036. This funding included not only money for the subcontract effort but was an expanded effort on the part of [REDACTED] was authorized to subcontract with [REDACTED] subject, however, to application of [REDACTED] fee not to exceed [REDACTED]. All of the [REDACTED] figures were reviewed by [REDACTED]. The additional funds were made available to [REDACTED] and the subcontract approved in Amendment No. 1 to Contract No. GA-1853 on 12 December 1963.

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[REDACTED]  
Contracting Officer

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